IMT Nuremberg Archives

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International Court of Justice

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Testimony of HJALMAR HORACE GREELEY SCHACHT, taken at Nuremberg, Germany, 17 October 1945, 1445 - 1630, by Lt Col Murray Gurfein, AUS, OUSCC. Also present: S/Sgt Horace M. Levy, Court Reporter.

THE WITNESS TO COLONEL GURFEIN (IN ENGLISH):

I thought everything over, and I think my answers were complete. I have nothing to add.

QUESTIONS BY COLONEL GURFEIN TO THE WITNESS (IN ENGLISH):

Q Yesterday?

A Yesterday.

Q Because I know that sometimes you like to add something.

A Yes, but I thought it over, and I think it is all right.

Q Now, I want to go back to something that interested me a little, Doctor Schacht, and I never quite got it clear in my mind. You made a statement some time ago, which you repeated, that after Munich, Hitler said that he was annoyed at Chamberlain for having deprived him of a military march into Prague; do you remember that?

A Yes.

Q I wonder if you can tell me what the context of that was? It just stands in the record, as a statement in the air.

A I think he was not satisfied with the Munich agreement at all; and I heard it simply standing in a crowd of his entourage; I don't remember who they were, perhaps, all these people, Hermann, Himmler, and others; and by some chance I was near, and I heard him saying that. My feeling at that time was that he wanted some glory.

Q Well, how soon after Munich was it? Was it a sort of celebration after Munich?

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A I don't think so, no.

Q Well, what was the occasion? That is what I don't have clear in the record. I just don't like to leave it that way.

A I --

Q Was it at the Chancellery, or where was it?

A Most probably -- no, not in the Chancellery, not in the new building. I can't tell you, but somewhere in Berlin.

Q It was in Berlin. Now, was it a reception; can you refresh your recollection?

A No, it was no reception, no; it was just -- I had to do something, I don't know, and he was in his entourage then.

Q Well now, I wasn't there, but it would seem that a remark would have been made very shortly after the event.

A Yes, certainly, shortly after Munich, a few days after Munich, it must have been.

Q In other words, you place it there as the beginning of October, 1938. Munich was about the 1st of October, 31st of September.

A It must have been in those days.

Q In those days!

A Yes.

Q Now, did you draw any implication from the remark at the time, as you remember?

A I -- Did I?

Q Drew any implication or any inference from it?

A Just to see his mood, I mean, to see what he thought of the whole thing, which, of course, displeased me very much.

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Q Yes, but now, as you tell it, and I want to see if you get it clearly in your memory, the thing he was objecting to, was the preventing by Chamberlain of his marching into Prague, as you have told us several times. I take it that sticks in your mind.

A Yes, I think he was not satisfied with the peaceful settlement, as it had the appearance in Munich.

Q Yes?

A And that he wanted something by which he could show the world that he was a great man and a victor, and so on.

Q Yes. Now, as I see it, there were two implications from that; one was the one that you just mentioned, obviously, that he wanted some military glory; and the other might have been that he was not satisfied with the territorial settlement, but would have preferred to go into Prague.

A No, I had not that impression at that time. That wasn't anything which came into my mind at that time.

Q Well now, obviously, if he said he would have marched into Prague, didn't that bring to your mind that that was the goal at the time which had been stopped by a compromise, to wit, the Munich Agreement?

A Yes, certainly.

Q So that, by that time then, in October, 1938, right after Munich, there was at least the implication that Hitler was not wholly satisfied with the territorial achievement that he had obtained through

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Munich, and that he wished to go further.

A That was not my impression.

Q Now, I think you told us, though, the other day, did you not, that about that time, you already had begun to have misgivings with respect to his goals, and so forth?

A Oh, I would even go farther than that.

Q In point of time, we are now talking about October of 1938.

A Yes.

Q And you expressed yourself, I think, quite strongly, did you not, that by that time it was obvious to you that Hitler's intentions were certainly not peaceful?

A I was very afraid that whatever he had in his mind, he was not trying his best to avoid a military complication, and that he might abuse his Army for things which might become dreadful.

Q And that feeling you had had not only as late as October, 1938, I think you said, but also from the time of the dismissal of Fritsch.

A Yes, it grew within these months.

Q Yes. Now, going back to another subject for a moment, in March 1937, you made an agreement with Hitler for the furnishing to him of three billions of Reichsmarks, by way of indirect credit from the Reichsbank.

A Yes.

Q Which, in substance, was to expire in about March of 1938.

A Yes.

Q In other words, at that time, in 1937, contrary to your usual

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practice, you fixed a time limit as well as an amount limit; is that correct?

A Yes.

Q So that it was determined in advance, that by April 1, 1938, there would be some change in the method of financing armaments.

A Yes, if he intended to continue.

Q Yes, if he intended to continue, certainly.

A Which I hoped at that time he wouldn't.

Q Now, would you tell us what gave you that hope at the time, Doctor Schacht? I am interested in that.

A Oh, certainly, from my standpoint, the financial question in the forerank; and then the general development of Germany's position, I mean, our economic position was much better than years before, and there was no need for any further arming.

Q Well now, you knew in 1937, did you not, that one of the goals of Hitler was Austria?

A Yes.

Q And I believe you stated in November to Ambassador Bullitt, that Hitler intended to have Austria; do you remember that?

A Maybe to Bullitt.

Q You wouldn't deny that fact?

A Yes, maybe. I don't know when it has been, but I remember that I met Bullitt at the American Embassy once in Berlin.

Q That is correct; and you had a fairly extended conversation with him about the situation; is that right?

A Yes.

Q And to refresh you recollection, I will tell you that that was in November of 1937. You don't doubt that, do you?

A No, I don't doubt it at all.

Q Nor do you doubt the conversation. And in that conversation with Ambassador Bullitt, you further said that Hitler was interested in receiving the problem of the Sudeten Germans as well.

A That may be.

Q So that in 1937, you know that Hitler's plans for expansion to the East had not yet been fulfilled; isn't that correct?

A I would not call that "expansion to the East," because Austria was certainly not a profit to Germany from an economic standpoint, only partly, because of the tourist traffic, and so on; and the Sudetenland was certainly nothing which could help Germany in any way out of her economic pressure.

Q No, but let's leave out for a moment, if you will, Doctor Schacht, my phrase about "expansion to the East."

A Yes.

Q In 1937, was it not brought home to your knowledge that Hitler still had at least limited goals, to wit, Austria and the Sudetenland?

A Yes.

Q Now, did that feeling or that knowledge come to you during the year, 1937, or were you also of that opinion in March of 1937, when you had the conversation with Hitler about advancing another three

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billions of Reichsmarks?

A I have never considered the Sudeten problem as a real serious problem because I have never thought that this could be done otherwise than by some understanding with Czechoslovakia, on an economic basis, and as I told you before, I wanted Czechoslovakia, one day, by voluntary and peaceful and friendly understanding, to come into the customs union of what you may call "Middle Europe," or whatever it might be.

Q Well, what I want to make clear to you, Doctor Schacht, is that I am not now probing for your views, which you have stated; I am now asking you for the views that you entertained with respect to what Hitler intended. You see, there is quite a difference, possibly, I don't know.

A I had no notice that Hitler had other methods in his mind.

Q No, when you made the statement to Ambassador Bullitt, for example, what was the intention of that statement? What did you seek to convey to the United States?

A That they might help in some arrangement with Czechoslovakia.

Q Well, was it not a statement -- whether or not you agree with it, we won't discuss at the moment -- to the effect that the United States had better be forewarned that Hitler had a specific objective in mind, and that it would be well to go along with him? Was that not the implication?

A I don't quite understand what you mean by that. The United States could only help in, say, fostering the general feeling, nothing else, I mean, no political influence whatever.

Q By letting Hitler have a free hand, as it were.

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A No, not by letting him have a free hand, but to help in some understanding with Czechoslovakia.

Q Well, let's put it in that form then.

A That is not a free hand.

Q That the United States might act as a mediator, or as one --

A As helpful.

Q Or one of a concert of powers, or as helpful, with a clear understanding conveyed by you that Hitler was intent on his goal.

A Yes, you may put it that way.

Q So that, if Hitler did not have his way by diplomatic means, there was always the implication that he would stay fixed to that goal which he had set.

A I had not the impression at that time that he would do any thing forceful or illegal or unfriendly in reaching this goal.

Q In other words, you, in effect, deny the fair implication of the statement to Bullitt, and Hitler had, by that time, established himself as a man who more or less got what he wanted; and I think you have so said frequently; have you not?

A I didn't hope he would get everything that he wanted.

Q No, but I am talking now of a description of the personality.

A He was a very energetic --

Q Very energetic?

A Energetic fellow; yes, certainly.

Q And when you stated the goal of a man like that, knowing the sequance of German history from the time he took power, there must have been at least an implication in your mind that he would set out to get

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what he wanted; isn't that correct?

A If he could reach it by normal means.

Q Now, that is what I want to ask you: Have you anything to suggest as to why you thought Hitler would be limited to achieve his goals only by normal means?

A I had hoped so.

Q No, but have you anything concrete to offer in support of that statement then? That was, what he was after, in any event.

A Only his permanent assurance that he would maintain peace, which he stated at every public occasion, and privately in our conversations, too.

Q Well now, this was all during the time when these preparations were being made with respect to armaments.

A Yes.

Q Preparations were being made, with respect to the event of mobilization.

A Yes.

Q Secret papers were being passed.

A Secret?

Q Secret papers were being passed about from one minister to another, with respect to the event of war.

A Quite.

Q There was at that time already a tension in Europe, I think, as we had discussed yesterday; was there not?

A Yes.

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Q There were statements and declarations by the powers, with respect to guaranteeing integrities, and all the implications that we knew from the last war, that were a prelude to setting the stage.

A Yes.

Q I just want to refresh your recollection on that. At that time that you spoke to Mr. Bullitt in the Fall of 1937, all those things must have been very much in your mind and consciousness.

A Yes.

Q Now, this meeting that you had after Munich -- just to come back to it for a moment -- this attendance that you had, was that a voluntary attendance on Hitler, do you recall? Were you still doing business with him?

A It was an occasion. I don't know what you mean by "voluntary". I happened to be there for some other matter, I don't know what it was, an ordinary routine matter.

Q Routine matter?

A Yes.

Q In other words, as late as October, '38 -- I just want to get this thing clear -- you were still seeing Hitler on business matters, that is, affecting your position?

A Yes.

Q And that also went into January, 1939, the month of your dismissal from the Reichsbank.

A To the 2nd of January, 1939; that was the last time.

Q Now, you don't mean to imply, Doctor Schacht, that was the last time you saw Hitler, on the 2nd of January, 1939?

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A I have seen Hitler during the war once, I think, when I intended to marry again; and I came to him in order to facilitate the formalities of my marriage. That must have been -- I know, because I have married -- in February '41. Since that time, I have never seen Hitler again.

Q Now, what discussion did you have with him then? That was at Munich, was it not?

A Pardon me?

Q You went to see him at Munich or Berchtesgaden?

A Before Berchtesgaden?

Q No, I say, where did you go to see Him in '41?

A That was in '41, in the Chancellery.

Q At the time you went to discuss your marriage.

A Yes.

Q Well now, you also went to see the Fuehrer in Munich, in February of 1941.

A No.

Q According to records of the Fuehrer.

A No, no, no. I have seen him in '41 in Berlin. What do you allude to?

Q To a trip you made to Munich to see Hitler in 1941.

A I don't remember. Will you please help me?

Q Well, I can help you, but the point is, you will have to refresh your recollection; but there is a record made of it in writing. That is all I can tell you, that you went to see the Fuehrer in Munich,

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in February '41.

A At what occasion? In '41?

Q Yes.

A I don't remember. I don't remember.

Q Well now, you say you went to him solely for the purpose of getting your marriage fixed up?

A In Berlin, yes.

Q You had to go to Hitler for that, personally?

A We had to give an order to the Minister of the Interior to do away with the formalities. You see, if one wants to marry, then the names have to be published for some weeks, and so on; and I wanted to do away with these formalities; and he granted that.

Q How long did you see him on that occasion?

A Quarter of an hour.

Q Well, obviously, you must have discussed something with him?

A No, nothing.

Q Nothing?

A No.

Q You came in the midst of a war?

A What?

Q I say, you came in the midst of a war?

A Yes, I have.

Q You were still the Minister without Portfolio?

A Yes.

Q And you discussed nothing?

A No, I didn't.

Q Did he ask your views about the economic situation?

A No, he didn't.

Q Did you offer any views of any kind?

A No.

Q Now, was that the only time you saw Hitler, from the 5th of January, 1939?

A From the 2nd of January, '39, I have seen him once in '40; that must have been in February or March or January, one of the months in '40, and also in Berlin.

Q And in what connection was that?

A I had received from America two invitations to state to the American public the views of Germany about the whole situation. One case, I think, from "Foreign Affairs Magazine," and one came from the "Atlantic Monthly," which I think is a magazine of the "Christian Science Monitor," connected with it, the same group. When I got the first from the Foreign Affairs Magazine, I did not want to do anything, of course, being a Minister without Portfolio; and in wartime, I did not want to write anything of which my government had no knowledge; so I asked by telephone, or I don't know how it was, but anyhow, I addressed the Foreign Minister, telling him that I had this invitation, and that I wanted to write that article, that I wanted to inform him about that; and after some days, I got an answer, a written answer, I think, from him -- no, I told him that I wanted a conversation with him about this matter, and then he said he didn't -- he didn't mention that conversation which I had asked for, but he simply wrote me that he was agreed

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to my writing that article, on the condition that I showed the manuscript to him before I sent it. And that, of course, I didn't want; I didn't want any censorship. Either they had the confidence in me that I would write the good thing, nothing which would hurt Germany, or I wouldn't write the article; and so I dropped this thing. I didn't refer to that; and I think that I wrote to the magazine that I wasn't able to do that, to write the article; but then came the second demand from the "Atlantic Monthly," and again I personally had a wish to write the article; and so I wrote to the Fuehrer, and told him the story of the first demand and of the second demand, and said I wanted the conversation -- I would like to have a conversation with Hitler; and so he asked me to come, and that, as I say, must have been sometime in February, or so, about that time; and when I saw him, I explained things to him, and said that my view was that it would not be sufficient just to write one article, but that somebody should go over to the United States, and try to inform the United States about the ideas prevailing in Germany; and he agreed to that. I didn't say that I would go, but that somebody should go; and that he agreed to that, and said, "I want to talk that over." He wanted to talk that over with Ribbentrop; and that was all I have heard until months later. I had then the occasion, once, to talk about this matter with Funk; and I said that also from an economic standpoint it would be essential to do something like that; and Funk said to me that he would take up the matter again with Ribbentrop; and some weeks or months later -- it took some time -- he told me that he had asked Ribbentrop, and that Ribbentrop had written to him that he did not agree; that "It was too early,"

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as Ribbentrop said, "to do that"; and so I dropped the matter.

Q Well now, "too early to do that." Was there some political --

A I don't know.

Q Political deal that you had in mind?

A Not I, he.

Q Well, we have had this version before, Doctor Schacht, but in a somewhat different way, that you volunteered to go to the United States, to try and convince the President or the powers that be in America, to stop giving as much aid to Britain, and to see the German point of view a little more clearly; isn't that the implication?

A What do you mean by "implication"? I mean, that was the real implication, I mean.

Q That is what you wanted to do.

A To try to get the United States out of the war.

Q Yes, so that at that time despite your conflicts with Hitler, which you have described here at length, you were still sufficiently with him to try to see a successful termination of the war for Germany.

A I was not -- I don't know his ideas, but I was of the idea that everything which would be done to shorten the war, and to avoid further conflicts, would be helpful.

Q And a shortening of the war, with respect to your mission, if it had been successful, would have caused a German victory.

A No, but it should mean an international understanding.

Q Well, with the fruits of Czechoslovakia.

A No, no.

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Q Of Austria and of Poland.

A No, Austria was recognized and accepted, so that was no goal, any more, and as to Czechoslovakia, I had not the slightest goal to include this country into German authority.

Q No, but by the time that you were still willing to undertake the trip, according to the chronology you gave, it was after the Fall of France, and after the invasion of the Low Countries.

A No, I suggested that trip, as you will take from my statement, in the beginning of '40.

Q Right, but the final discussions with Funk --

A And wait a minute; Just correct that. The fall of France was only in the summer.

Q Right.

A So it was before France fell.

Q No, but you said that months went by, the first time, and the second time, and the third time.

A But the second time -- he asked me the second time -- I remember it well now -- whether I could still go in '41. I said, "Now, it is too late." I wouldn't go.

Q Well, let's place, if you will, now, the approximate date of the conversation you had with Funk, when you sent him to Ribbentrop with the suggestion that you would go to the United States; when would you say that was?

A Perhaps in May, or something; perhaps the letter is there from Ribbentrop.

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Q I just want to get your recollection. You say definitely that that was before the invasion of France, or the attack on France?

A At least before the fall of France.

Q Yes.

A That I had the conversation with Funk.

Q Now, did you again renew that situation in 1941?

A No, he asked me at that occasion, when I spoke about my marriage, whether I would still think it possible or feasible or wise to send somebody to America.

Q That is, Hitler did.

A Hitler did; Hitler did. He asked me whether I thought it wise, and I said, "It is too late now," because then the Lend and Lease agreement was already made a law.

Q At least there was one subject in the conversation that you had with Hitler at the time, besides your marriage?

A Yes, quite. I remember well, that is the one.

Q Now, when you started to discuss Lend Lease with him, that discussion must have led to something else.

A I didn't start any discussion about Lend and Lease. I just said, when he asked me, and he did it while I was going out of the room. Already, he said, "By the way, what about your thought of going or sending somebody to America?" And I said, "That is too late now," and then I dropped out, and there was no discussion whatever, neither about Lend or Lease, or about anything which had to do with politics, or economics, or whatever.

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Q Well now, did you, in Switzerland, in about '41 or '42 --

A '41, I was in Switzerland. I made my marriage trip to Switzerland. I asked him about that trip, too. I needed his permission to go to Switzerland.

Q Yes. Now, when you were in Switzerland, did you tell anybody that you were still seeing Hitler from time to time, advising him generally; that at times your advice was taken, and at times it was not?

A I don't remember, but if I did it was certainly wrong, because since February '41, I have not seen him; I have not seen him later.

Q Let's go into that for a minute. You say it was certainly wrong. Why would you intentionally mislead anybody at that time?

A I don't think I did. It may be that I advised some Swiss people, that I intended to see Hitler.

Q No, I just want to get your recollection on the record, so that if we ever conflict, we know what we are doing. I ask you now, did you say to anybody in Switzerland, in 1941, that you were still seeing Hitler, not regularly, but from time to time, and that you were giving him advice from time to time, some of which was accepted, and some of which was rejected?

A Not at that time anymore. It might have been formerly, but not at that time.

Q No, speaking as of that time.

A No, I don't remember.

Q Well now, do you remember seeing Hitler? It is just a ques-

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tion of "Yes" or "No."

A I remember having seen Hitler for the last time in my life in '41, February, or March, or January, I don't know, but in the beginning of '41, just a few weeks before my marriage.

Q Now, going back then to the year of 1940, did you see Hitler at all during that period?

A I think I have seen Hitler only at that one occasion, about these articles for American magazines, not in Munich or elsewhere.

Q Then, of course, you saw him when you attended the reception at the railroad station when he came back from Compiegne.

A Oh, yes, I told you.

Q Did you have any conversation with him on that occasion?

A No -- yes, just he, said to me, "What do you say now, Doctor Schacht?" before all the crowd; and I said the only thing I could say, "May God protect you." That was my answer.

Q Now, tell me, did you make any speeches after 1938 at all?

A I don't remember.

Q Well, certainly, you couldn't have made any; if you made any, you would remember those which you made.

A None, I don't remember; can't remember.

Q Now, just a little while ago, you mentioned seeing Funk; how often did you see Funk after you left the Reichsbank Presidency?

A I came at certain occasions to see my old friends in the Reichsbank, my assistant, Waldecker, for instance, and on that occasion, I may have seen Funk, too.

Q Well, did you discuss with Funk the economic situation?

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A Oh yes, I discussed with Funk the economic situation.

Q How often did you do that?

A I think it was once.

Q When was that? Could you place that date for us?

A No, I can't place any date, but I can tell you this: At a certain given moment, and I can't remember that, but there is some written statement about that, which can give the date, Herr von Weisacher, Secretary of State in the Foreign Ministry at that time, asked me over the telephone that, when I came to town, he would like to see me; that he had something to tell me on behalf of his Ministry; and some days later, when I went to Berlin, I went to see him, and then he stated to me, "I have to tell you something on behalf of my Minister, and that is that he would ask you not to make defeatistic remarks." At that time I stated, "To whom did I make defeatistic remarks, please?" and he said, "To Minister Funk"; and I said, "That is very funny. Minister Funk has asked me about my opinion on the economic situation of Germany, and he was far more defeatistic than I was, but I was also of the firm impression that Germany's economic potentialities were not big enough to stand that war; and I think it is my full right, not only, but my full duty, to tell the Minister, the Colleague of mine, even it was a former colleague, what I think, because he is the economic advisor of Hitler; and when he asks me, I must tell him the truth of what I think; and I think it is extravagant" -- and I used very sharp words, and I even said, "Idiotic of your Minister to blame me for that; because I would never deceive either Funk nor Hitler about my views

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on these points"; and in order to fix that, I put it down in writing. I wrote a letter to Funk about this matter, in which I stated my views again, which were absolutely what you might call "defeatistic". I said, that we would lose the war; and I sent a copy of that letter to Herr von Weizsacher, and asked him to show that letter to this Minister; so my conversation with Funk must have been before I wrote that letter.

Q Were you in a position to discuss the economic situation of Germany at that time? Did you have the data, the material, the figures?

A Did I have what?

Q The data, the figures that you needed?

A I didn't need any figures for that, sir, because I know the economic potentialities of Germany.

Q Well now, did you have figures?

A What figures? I mean, public figures?

Q Well, there were no public figures at that time, were there?

A Well, figures from my experience as Minister of Economics, and President of the Reichsbank.

Q No, I want to ask you, didn't you receive regularly from the Reichsbank during that time various types of figures?

A From the Reichsbank?

Q From Waldecker, particularly?

A I have not got anything which wasn't public, I think. They never gave me any secret figures.

Q Don't you recall that after you left the Reichsbank, Hitler

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gave special permission that although you were no longer President of the Reichsbank you could still obtain the figures?

A Yes, but those figures --

Q Do you remember that?

A Maybe, I mean, not to me, but I remember that I got various statements from the Reichsbank from time to time, which were not public, that's right, but which contained all the figures which we published before, regularly. They were printed on a little sheet.

Q And did you not, from time to time, go into the Reichsbank or have Waldecker come to you to discuss the implications of the figures and the line to be taken, and so forth?

A Not especially, no.

Q Well, you did see Waldecker from time to time, did you not?

A From time to time, yes.

Q And you were also receiving, were you not, as a Minister without Portfolio, certain documents which were distributed among the Ministers?

A I did not receive any other documents from the Reichsbank but these printed sheets.

Q No, I am going beyond the Reichsbank now, and I am asking you whether you did not, as Minister without Portfolio, receive certain Reich Documents, which were being distributed among prominent Ministers?

A I received from the Statistical Department of the Reich some excerpts, some clippings, from all kinds of papers, also internationally but they were all public, I mean, no secret data.

Q Well, did you ever write any memoranda during this period

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to any governmental officials, respecting governmental matters?

A I don't think so; I don't remember.

Q Did you think about that?

A Yes.

Q You don't remember?

A Don't remember.

Q Let me ask you, by the way, when did you go to India, Doctor Schacht?

A I left Berlin in the beginning of March, '39, and then I spent a few weeks in Switzerland, and in the end of March, I departed for India; and I came from India the end of June or beginning of July; spent some days in Italy, and again some weeks in Switzerland; and came back to Berlin, I think in the beginning of August.

Q And what was the purpose of your trip to India? I don't think we put that in the record?

A A tourist trip, tourist trip, nothing else.

Q Were you on your way to China at that time?

A Was I --

Q Were you on your way to China?

A I wanted to go -- I think I told this story the other day, I don't know, I don't remember to whom of you -- I wanted -- I had a talk with Ribbentrop before leaving, whom I had to inform, because he was Foreign Minister, and Ribbentrop asked me, "Did you intend to go around the world?" or something like that. I said, "No, I want to go to East Asia." Then he said, "That is impossible, you can't go there." I said, "Why not?" He said, "You know that Japan and China

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are in conflict with each other, and if you go there that would give the appearance as if we would interfere with those countries." And I said, "All right, then I will restrict my journey to Netherlands India." And he said, "No, that is too near to East Asia." And I said, "That is a pity. Well then, I will restrict my journey to British-India." And he said, "No, if you go to British-India, then everybody will think you go further." And then I said, "Well, Herr von Ribbentrop, then it might come to a little Harz Mountains traveling," and I went out of the room. Then I took up the matter again by writing, and it was agreed, or I was accorded a trip to British-India, on the condition that I did not go anywhere else, which I took, because at that time Burma was not yet taken out of India; it was still in; and I went to India and Burma.

Q Now, you had earlier discussed, I take it, the trade relations with China.

A The what?

Q The trade relations with China, with a view towards self-sufficiency in the event of war.

A No.

Q Well, do you remember one of these cabinet meetings that we were talking about, at which Goering was in the chair, part of which I showed you?

A Yes.

Q Where Goering said, "Everything must be geared to the necessities in time of war;" Do you remember that?

A I mean --

Q It was only the other day.

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A Yes, I mean, I know quite well now, after you have shown the things to me, that such meetings had taken place.

Q And they were meetings which considered the likely situation in the event of war, and what preparations should be made therefor; I t think that was clear.

A Yes.

Q And in connection with that, you had certain discussions involving an orientation towards China; do you remember that?

A I think that was earlier.

Q This was in 1936.

A Yes, earlier than these meetings with Goering.

Q Well, the meetings with Goering were also in '36, as I pointed out to you yesterday, in May '36, I believe.

A You see, there was Minister Kung coming to Berlin, and at that time we had these talks. The Chinese Government negotiated at that time with the German Government about getting a loan for commodities exchanged for purchases in Germany, and I granted that loan, I think, of a hundred million marks, through the gold discount bank.

Q Yes, in return for which you were to get foodstuffs which you needed.

A Oh, no.

Q But primarily foodstuffs, is that not so?

A I don't know, but the figure was not fixed.

Q In other words, you say you don't remember discussing the foreign policy implications of this trade business with China and Japan?

A No.

Q I am just asking you.

H3203 - 0027

A No.

Q Now, going back for a moment to the things we started with today, the agreement you had with Hitler for giving him three billions of Reichsmarks in March of 1937, as we have already gone over, the expiration of the time when the three billions became due was in 1938.

A '37 -- Oh, the expiration, I see; the expiration was March '38.

Q And you remained in the Reichsbank from March 1938 to January 1939.

A Yes.

Q Now, did you in any way support the financing of armaments during that period, the rest of your tenure as Reichsbank President?

A Not one penny.

Q Well now, did you change the methods for financing rearmament from Mefo bills to the selling of short term notes?

A No, that was not my object. That was the Finance Minister.

Q Well, did you in the Reichsbank, utilize funds which were available -- let me put it this way -- as these Mefo bills became due, what did you do about them?

A I asked the Minister of Finance whether he could repay them, because after five years he had to repay them, some in '38 or '39, I think, the first Mefo bills would have come to repayment and, of course, he said, "I can't."

Q Then what did you do about it?

A What could I do? I mean, I stopped.

Q Let me see if I can refresh your recollection. Didn't you,

H3203 - 0028

in effect, re-finance some of these Wefo bills, by creating new paper, on which the Reichsbank put its signature and the Gold Discount Bank put its signature?

A No, I did that long before. It was a regular routine.

Q It may have been routine, but I am asking you, did you not use this to refund or liquidate some of the indebtedness of the Wefo bills that were then becoming due?

A I couldn't -- what did you say?

COLONEL GUNSTON (TO REPORTER): Read back the question.

(The reporter read back the question).

A I couldn't liquidate the Wefo bills.

Q Not completely, but as bills began to come due -- I am now talking about this period of 1938.

A No, I didn't.

Q Did you not, in effect, sell short term paper with the obligation of the Reichsbank and of the Gold Discount Bank?

A I did that before -- no, wait a minute. Those short term bills were short term bills of the Reich, what you call "Treasury Notes," or well -- and those I have only handled as agent for the Reich.

Q I am not talking about that. You had the Solawechsel, for example, that you say.

A Yes, that was introduced there before.

Q Well, did you use the Solawechsel -- I am using this now as one illustration -- for the purpose of paying off some of the accrued or accruing indebtedness of the Wefo Bank?

A 094286

A No, I did not.

Q Are you sure of that?

A Yes, I have never reduced or refunded any of the Wefo bills.

Q I would like to have you think about that, because you have made a categorical statement several times, that from the time of the expiration of your three billions limit on Wefo bill financing, that you did not finance, directly or indirectly, a penny for the benefit of the armament program.

A Not in addition to the twelve billions.

Q I am not talking in addition to the twelve billions.

A No, I didn't.

Q Did you ever say anywhere that you would, after the conclusion of the Wefo bill financing, continue to further rearmament by the use of short term paper, as for example by Sola bills, and by the direct sale of notes?

A No, I mean this sale of notes was done on behalf of the Government.

Q I am talking about commercial notes now, not treasury notes.

A No.

Q Now, I want you to look at this paragraph on Page 880 -- It is too long to read in German -- and see if that refreshes your recollection. (handing to witness). For the record, I may say that that is the full speech that we discussed yesterday in excerpt form.

A Yes, I know. I read that.

Q You read it and you wrote it; is that right?

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A Yes, it is all right.

Q Now, would you mind explaining it to me, in the light of the conversation we just had a few minutes ago -- perhaps I'd better call your attention to one sentence (Reading the sentence to witness in German.)

A I think I explained the whole method, the whole mechanism I used for financing the Mefo bills already in some interrogation before this one, and what I gave there in this speech is a historical survey about what I had done, because I felt at that time already that my office would come to an end. It must have been the speech shortly before I went out, and I remember somebody leaving the room, saying, "Now Schacht stated his alibi." I wanted to make clear what I had done, so it is a historical survey; and I used all the liquid cash money within the country, by concentrating them upon the Reichsbank, in order to finance the Mefo bills.

Q Yes, but now look, we are now talking about the period from the 1st of April 1938, until January '39, when you left the bank, do you now say that this paragraph, the central paragraph on Page 580, does that apply to that period, the 1st of April '38, to the beginning of 1939?

A Not for additional Mefo bills, just for the existing Mefo bills

Q Quite.

A Yes.

Q But I am asking you whether, during that period from the 1st of April 1938 to January 1939, you did not continue to finance armaments?

H3203 - 0031

A Sir, either these Mefo bills had to be refunded by the Reich, which they could not, because the Reich had no money to do it, and I couldn't procure any money for refunding, because that should have come from taxes or loans or anything else, so I had to continue to carry these Mefo bills, and that, of course, I continued.

Q Well, did you also continue to raise new monies?

A No -- for what?

Q For armaments?

A No, I didn't.

Q Did you make available any monies during that time through the sale of short term notes?

A No.

Q For purposes of armament?

A What notes?

Q Treasury notes, let's say.

A When the Minister of Finance asked me to sell treasury notes, as a financial agent, fiscal agent, I had to do that, and that I did, whether it was for armament or --

Q Let me understand. Do you say that the sale of Solawechsel, for example, and other short term commercial paper, was only for the purpose of refunding Mefo bills, and for no other purpose?

A Yes, exactly, and quite correct, because the Mefowechsel -- accordingly I state that in that paragraph -- when the money market became narrow, then, of course, Mefowechsel came back to the Reichsbank, and I had to take them back, which I had always promised to do.

Q The point is, we are not interested in financial magic. The

A 094289

H3203 - 0032

fact is, you can't make two marks grow where there is one, so that when these Nefo bills became due in the normal course, the Reich would have had to pay it out of the budgetary revenue, or use some other financial measure; isn't that correct?

A Yes, that is correct.

Q And when you lightened the burden of the Reich Treasury from requiring them to pay it in that way, you, in effect, were financing them; were you not?

A Yes, but only the existing ones.

Q Well now, we discussed yesterday, too, the business of the raw materials that you were able to bring in under your "new plan," so called.

A Yes.

Q And the relationship of the materials thus selected to the needs of the armament program; you remember that?

A I didn't select any commodities coming in.

Q Well, didn't you have these offices that you created under the Ministry of Economics?

A Yes.

Q With respect to the control of foreign exchange, for example?

A Yes.

Q Wasn't that your own idea and your own creation?

A Yes.

Q And wasn't it the function of those offices to determine for what purposes foreign exchange would be made available for imports?

A No, no. I mean, for what? I have explained that so often

A 094209

H3203 - 0033

already. They couldn't know for what purposes these commodities came in.

Q No, but they knew very well whether the license was for the import of iron, for example, or rubber, or foodstuffs.

A Yes.

Q And do you say you did not have a coordinated policy, with respect to what imports should be pressed, with respect to the granting of licenses for devisen?

A Just those that you mentioned.

Q In other words, you were, by a coordinated system of control, controlling the flow of foreign exchange for the purchase of imports, which were required for certain purposes.

A Until April '36.

Q When Goering took it over.

A Yes.

Q What I am talking about is the creation of this new plan for which you take full credit, I take it.

A Yes.

Q The system, in effect, was a centralized system which would enable the Reich, actually yourself, as Minister of Economics, to control the flow of foreign exchange, and thus determine the quality and quantity of the products that would be imported.

A Yes.

Q Now, I ask you, generally, then, whether the main purpose of the importation of these raw materials was not the armament program,

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taking into view also the fact that you had to feed the population in order to continue the economy, and indeed to continue the rearmament itself.

A I can only refer to my yesterday's statement about these statements.

Q It is preliminary again, but what is your answer again?

A The answer is that I had to feed the people, and I had to maintain the economic life, and especially the exporting industries in Germany, and certainly the raw materials for armaments were among those raw materials which I got.

Q Right, but you do not take back the statement, which you made in the memorandum to Hitler on the 3rd of May, 1935, as I understand it, that the primary goal of your economic set-up was rearmament.

A Not of the economic; I said the political aim, the political goal is armament.

Q The main purpose?

A Yes.

Q All right. Now, just to look at some situations and some figures: In 1934 to 1937, is it correct to say that the imports by Germany of manufactured goods decreased?

A Yes.

Q And is it correct to say that they decreased by 63%?

A I don't know the figure, but yes, that might be right.

Q And is it also true to say that the imports of iron ores increased?

A I guess.

H3203 - 0035

Q Don't you remember?

A No, but I should say so.

Q And would it be correct to say that the imports of ores increased by 132%?

A I hope you took it from the statistics. I haven't the figures in my mind.

Q Well, it doesn't shock you especially?

A No, not at all.

Q And that grain increased by 102%?

A Maybe.

Q Oil by 116%?

A Maybe.

Q Copper by 71%?

A Maybe, I hope that all these figures are correct.

Q I will show you the figures in a moment.

A I don't doubt it.

Q You are the author of the figures; that is why I want to show them to you.

A In my own speech, perhaps.

Q In your own speech.

A That's right.

Q Then you accept it. Now, as to the extent of the armament which was made possible by this program of yours, which you had stated to Hitler in the memorandum of May 1935, were you able to say what the proportionate strength was of the German Armed Forces, as compared

H3203 - 0036

with the other armies of the world?

A Not at all, I have never been.

Q You have always said, and have said for sometime, that you knew nothing about the size of armaments.

A Quite.

Q You still maintain that position?

A Yes.

Q Now, did you say in that speech, that with the help of this credit policy, Germany has created an armament which is not less than that of any other state?

A I hope so; that was it.

Q No, did you say it?

A If it is in my speech, then I have certainly said it.

Q Now, not being a reckless man, you generally don't make a statement, and especially one that is a fact, that you don't know about; is that correct?

A I am sorry, the other day I said something which was not true, in such, about this point, as I forgot it, as I told you. The pressure under which I was necessitated to lie to Hitler --

Q But here you are not talking about praise of Hitler, or some general observation. Here you are talking about what is apparently a fact.

A Yes.

Q And I ask you now, whether it is not true that in November of 1938, when you made this speech, that you knew full well that the

H3203 – 0037

extent of the armament had advanced to such a point that, as you said, the armaments of Germany were not less than that of any other state?

A Yes, that would show that at that time I had the conviction that the armaments had to be ended now.

Q We will come to that later. For the moment then, you realized that by November 1938, that through your financing of armaments, and through the other activities of the people concerned therewith, that you had raised the Armed Forces sufficiently large to cope with any other single state in the world.

A Well, I wouldn't say that, that it is compared, for instance, to America, or so, but certainly to the neighboring states.

Q That would include Russia, of course.

A I have never thought of a conflict with Russia.

Q I am not talking in terms of conflict now.

A Yes, but --

Q I am trying to get back to your mind how you felt about the size of armaments at the time in November 1938 --

A I thought --

Q When you had completed your task.

A I felt at that time that the armaments which we had done, were sufficiently large to stand an attack from foreign countries, and that it should not be increased any more.

Q Now, did you ever -- I meant to ask you that -- did you ever say publicly that armament should not be increased any further?

A I think this phrase implicates that, includes it.

H3203 - 0038

Q Is that the only thing you can suggest?

A Yes.

Q Now, let me call your attention to the fact that in that sentence you also say, "And this -- referring to this armament which is not less than any other state -- "in turn has made possible the success of our politique."

A Yes.

Q Now, would you say that the implication from that was praise, rather than blame?

A I simply state the fact.

Q Well now, obviously, as a German, you apparently were satisfied with the success of the policy.

A With the results.

Q With the results.

A Yes.

Q And the results going back in terms of time, were at that time the acquisition of Austria, and the acquisition of the Sudetenland.

A Yes.

Q And you were at that time satisfied with the results.

A I wouldn't say that, that the Sudetenland solution had pleased me.

Q Well now, you were talking here in November.

A Yes, after the Sudetenland.

Q In July 1938, after the Sudetenland, when the victory of Hitler in Munich was uppermost in people's minds.

A Yes.

H3203 - 0039

Q So that obviously, any audience that would be listening to you would necessarily have to take it as the fair intention of the meaning of any phrase about the "success of our politique," the acquisition of the Sudetenland; that must be clear.

A Well, I don't think that in such a speech, public speech, I could blame Hitler for the methods he had chosen.

Q Well you needn't have mentioned anything about it, obviously.

A Well, that may be.

Q But the fact still remains, does it not, that you gave words of praise to the policy, which included the acquisition of the Sudetenland?

A No, no; that I don't think is true.

Q Well, I just want to get your position on that.

A I was just speaking about the general situation of Germany in '38, in comparison, we'll say, to '32.

Q But, Doctor Schacht, you were talking about armament.

A Yes.

Q You were not at that juncture talking about the economic situation of Germany.

A No, not the economic; I would say, the general political situation of Germany.

Q And that "general political situation" also included then, the foreign policy situation.

A Of course.

Q And the foreign policy situation, in turn, included the successes that Hitler had achieved in the field of foreign policy?

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A Yes.

Q And that, in turn, included the acquisition of the Sudetenland.

A Yes.

Q Now, were you going out of your way at that time to indicate a dislike for Hitler's internal policies, or were you still subscribing to his general outlook and approach?

A Sir, that was at the time when I made my first plot against him.

Q Well, let's leave the plot aside for a moment. I want to talk about the speech. Did you at that time still object to anybody's calling you a non-National Socialist, for example?

A I don't quite --

COLONEL GUSTAVE TO REPORTER: Well, strike that out.

A Please explain, please, what you mean.

Q Did you, at the time of this speech, as late as November 29, 1938, still take the position that you resented those who said that Doctor Schacht was not a true National Socialist?

A I think that nobody ever took me for that. Now, let's make the discrimination between a National Socialist and a Hitlerite. Everything that was in the National Socialistic program, I think everybody could subscribe, at least, I didn't see any objection to the major points of the program, but I have always maintained that the Party was not acting within the frame of the program. There were a good many points in the program which the Party acted against, for instance, the Jewish question. They promised legal protection to the Jews which

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they didn't give. There was the church question. They attacked the church, and always they had promised protection to Christianity; and several other points, lawful acting, not bribing, and all these things about which we were not lying, and which were all in the program, in the National Socialist program, and which the Party always acted against.

Q Let's get back for a moment to the first thing. You have raised the question of the Jews. We hadn't discussed that. What did you think, at the time you subscribed to National Socialism, was the program with respect to the Jews?

A When did I what?

Q When you subscribed.

A To what?

Q When you became an adherent to National Socialism.

A I was never an adherent to National Socialism as a Party.

Q At the time you came into relationship with Hitler; that was as early as the beginning of 1931.

A What I thought about the Jewish problem?

Q Not what you thought, what you thought the National Socialists thought.

A The National Socialists, as I took it from the program, intended to not having such a great percentage of Jews in the governmental and cultural positions of Germany, with which I agreed.

Q What else?

A That is all; and under the second paragraph, I think, it is paragraph 5, or Article 5 of the program, it said that also there would be some restrictions by Article 4. The Jews should get legal protec-

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tion and a law for them, under which they would be able to live.

Q That is the law as subjects, but not as citizens; is that what you mean?

A Not a full citizen.

Q Not as citizens.

A Not as citizens, but not with all the rights of the Christian citizen.

Q But you know that Article 4 certainly did specifically prescribe that they were not to have the rights as citizens of the Reich.

A Yes, but the rights of citizens; there are lots of rights.

Q Well now, let's go after that. Did you agree with that part of the policy?

A Yes, I did.

Q Now, you stayed in office as a member of the Cabinet during the years 1933, 1934, 1935, 6, 7, 8; did anything happen during those years, by way of legislation or decrees, concerning the Jews with which you did not agree?

A Yes.

Q Did you nevertheless --

A Not -- wait a minute -- not as regards laws, but as regards behavior of the Party.

Q Now, let's get that clear. May we then take it that you subscribed fully with all the laws that were passed during the period I have mentioned, with respect to the Jewish question?

A Well, I would say, to the so-called "Nurnberg Laws," I would not have subscribed.

H3203 - 0043

Q Well now, were not the Nurnberg Laws, in effect, always a basic tenet of National Socialist Doctrine?

A I had not assumed that before.

Q Well now, you had read "Mein Kampf," had you not?

A Yes.

Q And you knew the views of Hitler on the Jewish question; did you not?

A Yes.

Q And did you not understand that he would, as he promised, liquidate this question, in effect?

A Yes, but not the way he did afterwards.

Q Well, let me ask you your expectation; how did you expect him to do it?

A I just told you, not allowing such an enormous percentage of Jews to enter into either of the Government's or cultural decisions; owning a great percentage of the theatres; of films; music; and literature, and all these things. I thought that in a Christian state, the Jewish people should not maintain so many of these positions.

Q Well now, during your time as a Reichminister, statutes were passed, were they not, prohibiting all Jewish lawyers, for example, from practicing in the courts.

A Yes, that is just what I said.

Q Did you agree with that?

A Yes.

Q That is all; that wasn't a limitation; that was a complete exclusion.

H3203 – 0044

A I didn't agree with the complete exclusion. I would have accorded the Jews in a percentage, a percentage of population, the right to keep some posts.

Q Now, with respect to civil servants, there was this Aryan clause, business that was put in; did you agree with that legislation?

A With the same restriction, with the same limitation.

Q Now, did you ever express yourself, in the cabinet or elsewhere, to the point that you wanted these restrictions put in?

A I don't think so; useless to do it.

Q You say, "useless to do it"?

A Yes.

Q I thought you said at one time or another that the reason you stayed in is because you thought you might have some influence on policy?

A Yes.

Q You didn't consider this as important a matter to take a position on it?

A Not important enough matter to break.

Q You signed some of these things yourself, didn't you, Doctor Schacht, these laws about Jews?

A I don't remember what law I have signed.

Q Well, for example, about lawyers.

A Yes, maybe.

Q You certainly signed a law with respect to the prohibition against Jews receiving licenses to deal in foreign currencies; do you remember that?

H3203 - 0045

A Yes, maybe.

Q Were you in favor of that?

A I don't remember what the details were of that question.

Q Well, it is not a matter of details; the question is a matter of discrimination.

A Yes.

Q You were in favor of it?

A I wasn't in favor, but I had to sign it.

Q Well, you were the only one who signed it; you were the Reichminister of Economics.

A Yes.

Q And obviously, it was a bill which was put in by your Ministry; was it not?

A Yes.

Q So you take full responsibility, do you not?

A Yes, I do.

Q Now, with respect to the public economic advisers for cooperatives, for example,

A Yes.

Q Did you also sign a law prohibiting Jews from being admitted --

A Yes.

Q To the examination for that?

A Yes.

Q Now, did you also go so far as to approve a law, imposing the death penalty on German subjects who transferred German property abroad, or to proffer or leave property abroad?

H3203 - 0046

A What property?

Q Who transferred property abroad, or left property abroad?

A Yes, maybe. I don't remember that; but certainly, too, if it is there.

Q Were you in favor of it?

A I had to do all this whether I was in favor or not. I didn't discuss it at that time.

Q Well, who forced you to do it?

A Hitler.

Q You mean that Hitler personally sat up at night thinking out these laws? It is impossible.

A If I would have declined to sign these laws, that would have meant a break with Hitler.

Q Well now, was there a matter of conscience involved, or was there not?

A To some extent, yes, but not important enough to risk a break, to run the break.

Q Yes. In other words, you had quite another objective which was more important.

A Quite.

Q And what was that objective, Doctor Schacht?

A Well, the objective was to stay in power, and to help carry this thing through in an ordinary and reasonable way.

Q That is to say, the restoration of the German economy.

A Quite.

Q And the completion of the armament program.

H3203 – 0047

A The completion of the international equality, political equality of Germany.

Q By means of armament, as you yourself have said.

A Also by means of armament.

Q Now then, there is one about the dismissal of Jewish officials and public notaries.

A Yes.

Q Which you also approved of.

A It is all in the same thing.

Q It is all in the same framework?

A Yes.

Q Now, was there anything about this Jewish legislation that particularly shocked you; do you recall?

A Well, I thought the Nurnberg Laws were shocking to some extent.

Q Well, those laws you knew about before they were promulgated, did you not?

A I got them from the papers.

Q You made a speech just a month before the Nurnberg Laws, Doctor Schacht, in which you predicted their passage; do you remember that speech?

A No, I don't. Will you please show it to me?

Q I will try to. I haven't got it with me, unfortunately, but you did make a speech just a month before the Nurnberg Laws were promulgated, in which you said, "Laws are in preparation now."

A Oh, I made the speech, I remember that very well, in Koenigsberg.

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Q Koenigsberg, that's right.

A Yes, the Koenigsberg speech. In that speech, the intention was just to the contrary. I said, -- I blamed the Party people in that speech for attacking the Jews, and what would you call it, and torturing them, and so on; and I said that they should stop that because the laws were in preparation.

Q Yes, so that you did know that laws were in preparation.

A Oh, all the time, I was expecting something on that line.

Q And specifically, the Nurnberg Laws, I take it.

A No, I have not seen any contents of these laws before Nurnberg, nor of any law regarding the Jews, except these ordinances.

Q Now, of course, the Nurnberg Laws, were promulgated in legal form, in a Reichstag session; were they not?

A Yes.

Q You were a participant, as a member of the government, were you not?

A I wasn't present.

Q You would have voted for them, had you been, I suppose.

A No.

Q You would have voted for them.

A That I can't answer today.

Q Did you sign anything in connection with that, as a Minister?

A I have never signed any laws.

Q Did the Cabinet ever do that, do you know?

A The Cabinet, that I don't know. The Cabinet, as far as I remember, was summoned to Nurnberg, and I have not been there. I did not

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participate.

Q But in the light of your other answers to the questions, you do not take the position, as I understand it, that you would not have gone along, as you did with all the other legislation?

A I say, I doubt it, whether I would have stood that or not. I don't want to now, afterward, to formulate any opinion about that.

Q Yes, well now, let's take that up for a moment, Doctor Schacht, as your signature on a piece of paper would not have meant anything, because there would have been others to sign it, would there not?

A Quite so.

Q So that when you say that you doubt that you would have signed it --

A That would have meant the break.

Q That would have been as a protest.

A Yes.

Q Well, the laws themselves actually were promulgated by the Cabinet and by the Reich.

A Yes, I did not draw any consequence from that.

Q And you remained?

A But I have uttered my opinion afterwards at a meeting which was held by Minister Frick, when the question came up about how to treat the so-called mixed half-Jewish, half-Christian or half-Aryan; and in that meeting which was held in the Ministry of Frick, I was asked -- I was invited to attend -- and I was asked about this whole problem; and there I have stated my views about this. Do you want to hear them?

Q No.

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A But I can tell you that they were against the whole idea of the racial policy of Hitler.

Q That policy, however, was promulgated in the law which you made mention of, not in the Nurnberg Laws; and yet you felt, in conscience, that you could remain in that Cabinet and give further aid to Mr. Hitler?

A I did.

Q Well now, your objections are very interesting, in connection with the Jewish question and how it was to be treated. Your objections, as I read them in substance, were primarily based upon the bad effect that these acts were having outside of Germany, and the consequent disturbance of your foreign trade, is that correct?

A I don't catch what you mean.

COL. [illegible] TO REPORTER: Would you mind reading that question.

A Would you please explain it? I catch your words, but not the meaning.

Q All right, for every suggestion that you made, you generally have a reason, being a logical and a normal man.

A Thank you.

Q The objection that you raised, with respect to the treatment of the Jews by the Party, was based upon some reason.

A Yes.

Q I suggest to you, on the basis of what you have written, that the reason why you were opposed to certain excesses of the Party, if you will, was because you felt that the repercussions abroad, particularly in the United States, were such as to interfere with your trade

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policy.

A No, that was not my reason. My reason was the -- that I objected to the racial point of attacking the Jewish problem.

Q Well, I will go even further with you, Doctor Schacht, and say that you objected to it because it interfered with your rearmament task.

A No.

Q You say, "No"?

A No.

Q Well now, do you remember writing to General von Blomberg, on the 24th of December, 1935?

A '35?

Q '35.

A 24th of December '35?

Q 1935.

A I think it was '36.

Q Well, I have got it down as '35.

A Is that a long letter?

Q It is a long letter.

A Yes, but I think I only wrote one letter to Blomberg about the whole question.

Q Well, we can find the letter later. It doesn't matter, but I have got it down as 1935, but in any event, you do remember writing a letter to him on that subject.

A I don't know what subject.

Q On the subject of rearmament. We have discussed that before.

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A I think it was '36. I didn't know it was as early as '35.

Q To refresh your recollection to start with, the burden of your letter was the difficulties you were experiencing in obtaining the devisen required for the rearmament program.

A Not only for the armament program, but amongst others; also for the armament program; and certainly, to the Minister of War, I have emphasized the armament program.

Q And do you remember stating in that letter as follows -- this is the translation of course -- "The picture of the burdening of my trade and devisen policy would not be complete, however, if I did not, again and again, note the cultural, political obstruction which in the whole world militates against commercial relations with us"?

A Yes.

Q You remember that?

A Well, it is certainly in, because you quote from the letter.

Q I go further: "The economic and illegal treatment of the Jews, the anti-church movement of certain Party organizations, and the lawlessness, which centers in the Gestapo, create an injury to our rearmament task."

A Yes.

Q You remember saying that?

A Yes.

Q "Which could be considerable lessened through the application of more respectable methods", do you remember saying that?

A Yes.

Q "Without abandonment of the goals in the least", do you re-

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member that?

A Yes.

Q Did you mean that when you said it?

A I have not only stated that in this letter, but I have said that in the second memorandum, the 3rd of May, '35, which I gave Hitler, of which you showed me one of the two memorandums yesterday.

Q Now, I ask you whether you meant what you said --

A Certainly, certainly.

Q When you wrote that you favored certain changes in method "without abandonment of the goals in the least"?

A Yes.

Q Now, in other words, the goals which you were subscribing, were apparently the persecution or the mistreatment of the Jews --

A Also, yes.

Q And the church policy?

A Yes, and the Gestapo.

Q No, perhaps you misunderstood me, I say the goals to which you were still subscribing were discriminatory legislation against the Jews -- you were still in favor of that by other methods.

A Quite.

Q The church policy, but by other methods.

A There was no legal attack on the church, as far as I understand; has never been; but that was simply the attack of the Party.

Q Well, regardless of what it was, it was one of the goals, to which you still subscribed.

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A Yes.

Q So that I take it, there was not much, as far as I have been able to discover, of the policies and practices of the Hitler Government, during the time that you were a Minister, that you objected to in principle; your objections were solely as to method?

A As far as I understood the principles.

Q Yes.

A Yes.

Q And your objections as to method were based largely on the interference with the heavy task that you had of trade, and particularly, export trade?

A And others. You see, amongst others. In the Jewish problem, I have always been against the racial, or the anti, or the racial conception of Hitler; and I have always maintained the Christian conception.

Q But what I am trying to get to, so that we can get it definitively, and get your views, if we can. Let's say, your views were that you were opposed to the treatment of the Jews as an inferior class, if you will --

A Yes.

Q Because it interfered with your foreign trade policy.

A No, not because it interfered, but because I was against, in principle, I was against racial discrimination.

Q But you stated, did you not, in a letter to Blomberg, which I have just quoted, that the goals could still be achieved, do you remember that?

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A Yes, amongst -- aside of that principle, of that racial principle, which I did not accept, I said it was also hindering the policy.

Q Let me understand the limitations of that, so that we can get your mind cleared up. Your only objection, then, I take it, was that racial Jews, who were Christian by religion, should be excluded.

A Quite.

Q Now, after the Sudetenland was taken over by the Munich agreement, did you, as the President of the Reichsbank, do anything about the Sudeten territory?

A I think we took over the affiliations of the Czech Bank of Issue.

Q And you also arranged for the currency conversion, did you not?

A Yes.

Q Now, going back to a memorandum that you told us about, that the Reichsbank Directors had written to Hitler at the end of 1938 --

A No.

Q Beginning of 1939.

A No, it was the 7th or 8th of January, 1939.

Q Who was the author of that memorandum; would you tell us?

A The author, it was the concept, or what you call -- it was Vocke.

Q Vocke, and how long had he been working on that; do you remember?

A Only after I came back from Bertchesgaden; that means, between the 2nd and the 7th of January.

Q That is your conception?

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A Yes, except that, of course, we had a lot of discussions within the Directorium before that time, that we had to stop things.

Q Well now, who was in favor of stopping, and who was not in favor of stopping?

A We were all in favor of stopping.

Q Well now, there is testimony, Doctor Schacht -- I want to see what you say about it -- by several Directors of the Reichsbank, to the effect that they pressed you for months to tell Hitler that the Reichsbank couldn't go any further, and that you kept putting them off from time to time.

A Yes, I said, "Wait for the suitable moment."

Q So that you agree that that testimony is correct?

A Yes.

Q Now, certain other Directors, for example, Hulse, says that as far as 1938, he opposed the Mefo financing, on the ground that it was reckless.

A Yes,

Q And would only lead to trouble; was that correct?

A Maybe.

Q I am trying to get the responsibility for the Mefo financing.

A Yes.

Q And you take that solely on yourself, do you?

A No, the whole Directorium was responsible for that.

Q That is what I am asking you; was there opposition within the Directorium to that financing?

A We have never reached, as long as I have been President of the

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Reichsbank, to my recollection, any measure which was not approved by all the Directors.

Q After discussion?

A After discussion.

Q And you, of course, as President, were the foremost in position at the bank.

A Quite.

Q So that your views went a long way with the Board.

A (Witness shrugs shoulders.)

Q I mean, aside from your own personality, as President it would.

A Perhaps.

Q What I am trying to get at is, did you receive personally any suggestions or warnings as early as 1936, by any of the Directors of the Reichsbank, against this policy of financing the Reich for armament?

A Oh, we have discussed that many times.

Q So that you knew that there were people who doubted the wisdom or the desirability, as early as 1936, of going along with Hitler.

A No, of financing the Mefo bills.

Q Yes.

A Yes.

Q There was such opposition.

A Oh, there were always doubts and considerations.

Q Now, you know Wohltat very well, don't you?

A Yes.

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Q I was a bit surprised the other day, I must say, when I showed you a paper signed with Wohltat's name; and I got the impression that you didn't seem to remember much about him; is that what you tried to convey?

A I hadn't recalled that he was the man who I put into the position of representing me as Plenipotentiary for War, for Economics in case of war.

Q Do you remember that now?

A Yes.

Q You have refreshed your recollection about it?

A Yes.

Q So I take it that we may have it established then, that you did have a sort of office which dealt with the execution of your functions, as Plenipotentiary for the War Economy.

A Yes, I thought it was Doctor Bade, but I remember now it was Wohltat that was on top of that office.

Q And Wohltat, in effect, was your deputy?

A Yes.

Q Now, do you remember the other name of the other man, Werbs, who appeared on the letter?

A Werbs, I didn't remember, but I think that Doctor Bade was also. I don't know how it comes to my mind that Bade was in, but I didn't remember the other ones.

Q Well now, it is obvious that since there was no war at that time, the functions that these men performed for you were preparations for the event of war; is that correct?

A Yes, in the ordinary routine of the General Staff, and the Minister of War.

Q So that, in effect, your outfit, with Wohltat as your deputy, and yourself as Chief, were working together with the General Staff for the contingency of (a) mobilization, and (b) The event of war from the economic side.

A Yes, mobilization also in the case of war or threat of war.

Q Now, I want to ask you briefly about a subject upon which I don't think I ever have touched with you, perhaps others have, and that goes back to the early days before the taking over of power by Hitler. When did you first become associated with the Nazis, or Nazi Leaders?

A My first personal touch with them -- and I had none whatever, no touch whatever before -- my first meeting was with Goering in December, '30. My first meeting Hitler was on the 5th of January, '31. I remember that date because it is written down in the little book of the sister-in-law of Goering, and therefore I remember it.

Q Yes, and at that time you became a supporter, I take it --

A In the course --

Q Of Hitler's coming to power.

A Especially in the course of the years '31 and '32.

Q Yes; Did you go to America in 1931; do you remember?

A No, in '30.

Q In '30, rather?

A Yes.

Q And did you at that time give the impression wherever you went that Hitler was the coming man for Germany?

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A No, I don't think so. The statement, which I made at some occasion, was that if the Allies didn't find some means to treat Germany in another way, and then to see to the German situation, then there would be still more Hitlerites, which means, partisans of Hitler.

Q Well, that included yourself; did it not?

A I didn't state that.

Q No, but obviously it did, because you were for Hitler at that time, were you not?

A No, I wasn't.

Q When did you become interested in becoming a co-worker of Hitler?

A I'd say in the years of '31, '32.

Q And that was when you saw that he had a mass movement that was likely to take power.

A Quite, that was increasing every time.

Q And did you publicly record your support for Hitler in those years?

A I think I made a statement in December, '30, once, coming back from America, at the Bavarian People's Party, where I said that there was a choice for any future German Government, either to hold against 25% Socialists, or against 20% National Socialists.

Q But what I mean -- to make it very brief indeed -- did you lend the prestige of your name to help Hitler come to power?

A I have publicly stated that I expected Hitler to come into power, for the first time that I remember, in November '32.

Q And you know, or perhaps you don't that Goebbels in his diary

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records with great affection --

A Yes.

Q The help that you gave him at the time.

A Yes, I know that.

Q November, 1932.

A "From the Kaiserhof to the Chancellery and back."

Q That's right; you have read that?

A Yes.

Q And you don't deny that Goebbels was right?

A I think his impression was, that was correct at that time.

Q It was. Now, you knew at the time, that you stood as a conservative financier in the eyes of the world.

A Yes, I hope so.

Q A man who had formerly been President of the Reichsbank.

A Yes.

Q And a man who had been active in connection with international agreements.

A Yes.

Q And a man who had been a German representative, I believe, on the Bank of International Settlements; certainly in your capacity as President of the Reichsbank.

A As long as I was President, yes.

Q As long as you were President.

A Yes.

Q And that the words that you uttered would logically be expected to have a soothing effect on the financiers, bankers, business men

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of the world.

A Yes.

Q Now, you knew at the time, that if you made a public declaration in favor of Hitler then, that the conservative circles abroad, who might fear the excesses of such a Party as the Nazi Party, would in all likelihood be reassured by Doctor Schacht, as a personality, standing up for Hitler.

A That may be.

Q Well, I mean, it is a fact, isn't it?

A I don't know.

Q I am talking about your intention now.

A My intention.

Q Yes.

A I had nothing of that kind in mind.

Q Well, certainly, you know the effect of what you were saying?

A I didn't consider that at the time, but I say it might be.

Q It may be?

A Yes.

Q Now, I just want to ask you to look at this record so that we can finish up. This is an article that was written on the 16th of January, 1937, or thereabouts, which appeared in the "Militaerische Wochenblatt," and I would like you to run through it and see if, in all modesty, you can admit that that article is a correct description of your activities and you. (handing to witness)?

A As I see it for the first time in my life.

Q Do you accept it as correct?

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A I wouldn't say so -- yes -- but it was circulated as all research articles are.

Q On the whole, you accept it as true?

A I would say the underlying conception is certainly true.

Q In other words, in effect, you are not taking the position that you were not largely responsible for the rearming of the German Army.

A Oh, no, I never did.

Q You have always been proud of that fact, I take it.

A I wouldn't say proud, but satisfied.

Q Now, I just wonder -- I didn't identify several of these documents which I showed you the other day, and I am just wondering if your recollection is refreshed as to the point where you remember them any more, these letters, signed by Korbs and also signed by Wohltat?

A I don't, but it must certainly be correct, because it is from my office.

Q Let me ask you a general question then: Do you take the responsibility, as the Plenipotentiary for the War Economy, for the writings that were made, and the actions that were done by Wohltat and his assistants?

A I have to.

Q Well, I want to go a little further than that: Did you, from time to time, discuss with Wohltat, the scope of his duties in the general direction?

A I must have, but I think it was very rare.

Q All right, Now --

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A Because I have always considered this a mere routine matter.

Q By the way, you went to London in the middle of December 1938, just before you resigned; was there any special purpose to that trip?

A Yes, the purpose was the orderly settling of the Jewish question.

Q That is what I was coming to.

A Pardon me?

Q That is what I was coming to.

A Yes.

Q You had a proposal, didn't you?

A Yes.

Q Would you state for the record what your proposal was, with respect to that?

A I was greatly shocked by the attack on the Jews in the nights from the 9th to the 10th of November, I think it was, 1938; and at that time I had seen Hitler in Munich, Perhaps, that is what you alluded to before, because it was the inauguration of an architectural exhibition which he opened there. And at that time I said to him that this method of treating the Jews was something dreadful, and I thought that there might be ways and means to settle that problem in an orderly way; and he asked me what I had in mind, and then I explained to him that if he wanted the Jews to leave Germany, which I thought was the best solution at that stage of all these attacks, then it should be carried out in a sound, orderly, and human way; and I proposed to him to raise a foreign loan, chiefly among the international Jewry in order to finance the emigration of Jews from Germany, so that every Jew who would emigrate --

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and I especially said, that as to the older people, they could stay in Germany and should be treated in an orderly way -- but those who wanted to go out should be furnished with a certain amount of foreign money, because it was a foreign loan, raised outside of Germany, so that they could settle somewhere outside of Germany; and that out of the German property of the Jews who remained inside of Germany, a fund should be set aside in order to refund that loan, because the Jews got the loan, and the Jews had to refund it; and I think the amount I mentioned was one billion and a half; and that Germany should grant the repayments and the interest on that loan, by allowing them to convert an equivalent amount of Marks into foreign exchange; and that the Germans should guarantee that, the German Government.

Q Well now, first let me understand for a minute, who would first get this foreign exchange, this billion dollars, Germany?

A No, an international Consortium of Jews should handle it, and they should appropriate to every emigrating Jew the respective amount, and I thought of something like 10,000 Marks, or something.

Q I just want to get it clearly. That means that the Jew was to leave Germany without a cent or without a Mark.

A Without Marks, because they couldn't use the Marks elsewhere.

Q Yes.

A They had to get foreign money, and Hitler agreed to that.

Q Let me understand. That means that a man, who had let's say, one hundred thousand Marks, would, under your scheme, be required to go out without any Marks, in his pocket at all that belonged to him.

A Certainly, he couldn't use the Marks outside unless depre-

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ciate --

Q And you wouldn't give him the devisen for the Marks?

A Not for all of that.

Q Or for any part of it.

A Yes, for part of it, I would take this interest loan and repay the loan out of our devisen.

Q In other words, Germany gets a substantial credit based on the security or the ownings of these people who were emigrating.

A No, wait a minute. I said as security for that interest loan, the respective amount of Jewish property should be handled inside and administered inside of Germany by an international committee, also.

Q But let me see if I can state this correctly. Here were people who had money that they had accumulated legitimately and legally, which they owned by all the rules of private property.

A Yes.

Q You refused to give them devisen, at the same time forcing them by the pressure of the events, to leave.

A Well --

Q You then cooked up the idea that you would extort, in effect, money from outside and keep the proceeds of the capital which had been acquired by these people through generations for the benefit of the Reich, ultimately servicing the loan out of that, over a long period of time; is that correct?

A What does it mean "extort"?

Q I don't know the word in German for it.

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A What does "extort" mean? Pardon me, sir, it was a proposal which I was going to lay before the international committee of Jews;

Q I just want to get the details.

A There was no force in that, it was just a proposal.

Q In other words, the alternatives that were presented, was for the individual Jew to leave without a cent, or to get somebody, not the Germans, who had possession of his property, to give him the wherewithal to live, at the same time, enabling the Germans to keep the property which, in effect, they would be stealing from the people who owned it, under any concept of private property; isn't that correct?

A Stealing? To leave it in Germany.

Q Yes.

A Sir, that was a matter which had been settled by Hitler, and in which I could not interfere, or with which I could not interfere at that moment. My object was to bring this into an ordinary shape.

Q But you never proposed -- all I am trying to get is the limit of your proposal, Doctor Schacht -- you never proposed that devisen should be made available from the property that these people owned legally.

A How could I?

Q How could you not, as a matter of common decency?

A I had no devisen, sir.

Q You had no devisen?

A Not for that amount.

Q All right. So what happened? Hitler agreed that you should go to London?

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A Hitler agreed that I should go to London, and I took the matter up in London by first reporting to the Governor of the Bank of England --

Q Sir Montague Norman.

A Montague Norman, who got me in touch with Lord Birated; and Lord Birated was impressed, and I think inclined to such a scheme; and then I talked it over with, I think, Lord -- it begins with a "W" -- he was a member of the Cabinet at that time. The name will come back to me. I think I took up with Mr. Rublee of the United States, and my impression was that all of them were inclined to consider the proposal, with the exception that Birsted came to see me and told me that some of the Jews were not in favor of it; and he alluded to Doctor Weissman, or somebody, but I don't remember that exactly; but it seemed to me, and I had the feeling that some part of the Orthodox Jews were not in favor; but anyhow, they were ready to discuss that matter further, and sent Mr. Rublee over to Berlin to take the matter up with me for further consideration; and I came back from London, and I reported this matter to Hitler, the 22nd of January. That was the famous last conversation I had with him about the matter.

Q And then nothing happened?

A I was dismissed, and then -- shortly afterwards -- and nothing happened.

Q In your discussions in London with Norman and others, did you tell anybody that you were about to leave the Reichsbank?

A I was always decided already for months to get out, or say, not to assume any further responsibilities for further armings, and for

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money to armament; and I saw the moment come when my leaving the Reichsbank was near, and that is also one of the reasons why I said to my colleagues in the Directorium, "Wait for the suitable moment," because I didn't want to let it come to a break and to a conflict which would have certainly had consequences for myself. I wanted the thing to come from Hitler's side.

Q That isn't what I asked you, Doctor Schacht; I asked you, did you tell anybody in London that you were going to leave the Reichsbank?

A It may be that I have told Montague Norman, but I don't know.

Q Your best recollection is that you don't know?

A I don't know, maybe. I was very intimate with Montague Norman. He knew always almost all about me and my feelings, and I think I must have told him about it, but I don't remember.

Q Let me ask you one other thing in that connection, then: I think you stated that by that time, certainly, December 1938, you were very worried about Hitler's intentions, with respect to war.

A Yes.

Q After the Fritsch incident, and so forth.

A Yes, I was already suspecting him, as I say, not to do anything to avoid war.

Q And did you tell that to any of your English colleagues?

A That I don't know.

Q What?

A That I don't know; I don't remember.

Q Well, it was a pretty important thing.

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A Yes, but I don't remember.

Q That is the best you can say. Let me ask you one more general question, and then maybe we can quit. We discussed yesterday, as you recall, the statement that you made to Major Tilly some time ago, in which you stated that very early you urged upon Hitler a colonial policy, in order to divert him from the East, which would, without doubt, have meant war.

A Yes.

Q Now, I want to ask you what efforts, besides a colonial policy suggestion, did you make during the years you were in his Cabinet, to divert him from the East?

A I don't think any others.

Q None other?

A No.

Q What indications did you have, during the period of your incumbency as a Cabinet member, that Hitler was being diverted from the East?

A He sent me to Paris in the Summer of '36 for discussions about the colonial problem.

Q I understand that. You have said that. Now, what else? Was there anything, anything you can point to, a conversation, a letter, a suggestion, anything you want to, which indicated?

A I never had --

Q Just a moment -- which indicated to you that Hitler was diverted from this goal to the East, which you knew about as early as 1932?

A No, not to the positive, only the fact that he never dis-

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cussed any expansion to the East with me, and I have never heard him talking to somebody else about it.

Q See if this correctly states the position: As early as 1931 and '32, you knew that Hitler's intentions were towards the East unless he was diverted.

A From my -- no, his intention was, certainly, because it was stated in "Mein Kampf".

Q Yes, and you knew also, as you yourself freely stated, that his intention was towards the East unless he could be diverted by your suggestion about the colonial policy.

A That was my feeling, yes.

Q So that, beginning with 1933, you aided in the restoration of the German Armed Forces a man whom you knew, as early as 1931 and '32, had his directions focused upon the East, unless he could be diverted; isn't that correct?

A No, it is expressly stated in "Mein Kampf" that he would not extend -- not try to expand to the East unless Great Britain was on his side and helped him.

Q Well now, did you foreclose that possibility completely?

A What does "foreclose" mean?

Q Exclude.

A Yes, I was of the opinion that that would never happen, that Great Britain would help him to expand to the East.

Q Well, was it possible that Great Britain might hinder him from expanding to the East?

A That wasn't the question. The question was that he did not

go to try to expand to the East unless Great Britain was helping him.

Q Well now, let's go back for a moment to something else you said the other day which interests me. That is, with respect to the position of the Wehrmacht, in relation to the Anschluss, and in relation to the taking over of the Sudetenland. The position you took, as I understand it, was that the Wehrmacht was important not so much as an aggressive weapon against strong countries, Austria and Czechoslovakia, as against or vis-a-vis, if you will, the larger powers, the concert of nations in Europe; that is what you state.

A My statement was that the armament of Germany has changed the attitude of the Allied powers.

Q So that they would not be likely to intervene as they did in the case of the attempted Customs Union Anschluss of 1931.

A For instance, --

Q That means, that a stalemate would be created by virtue of the Armed might of Germany, which would tend to prevent the foreign powers, that is, Britain, France, Russia, from interfering in the plans of the new Reich, substantially.

A Not the plans of the new Reich, but it would give Germany the equal position in international negotiations.

Q The equal position being something as follows: That if Hitler decided to negotiate with Schuschnigg -- see if I am right -- that he would be able to negotiate with Schuschnigg with a free hand, because he had a Wehrmacht, whereas if he didn't, England and France could intervene, as they did in 1931?

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A Yes, I may state it that way.

COLONEL GURFEIN: That is all.

(Whereupon, at 1630, 17 October 1945, the hearing was adjourned.)

-o-o-o-o-o-o-

APPROVED:

INTERROGATOR

INTERPRETER

Grace McCoy

COURT REPORTER

I certify that the above is a true, correct and complete copy of the original transcript of the interrogation of HJALMAR SCHACHT, taken at Nuremberg, Germany, 17 October 1945.

Sam Harris

SAM HARRIS
Captain, JAGD

9 January 1946

3729-PS

USA-616 (3729-PS)

Dec. 19, 1945

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H3203 - 0076

OFFICE OF CHIEF OF COUNSEL FOR WAR CRIMES

EVIDENCE DIVISION

Date : 22 July 1948

I certify that Document Number 3429-PS was introduced into evidence as Exhibit Number USA-616 in the Trial by the International Military Tribunal of Hermann GOERING, et al, which commenced on 20 November 1945, and that the attached photostat is a true and correct copy of the original.

Fred Niehergall

Fred NIEHERGALL
Chief, Document
Control Branch.

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C E R T I F I C A T E

I hereby certify that the annexed document 3729-PS No. USA-616 is a photostat of an original document submitted in evidence by the United States Prosecution under this number. The original document has been withdrawn in accordance with Rule 10 of the International Military Tribunal, and to the best of my knowledge and belief is to be held at the National Archives, Washington D.C. .

Nuremberg, 6 July 1948

Paul Joosten

PAUL A. JOOSTEN

General Secretary
International Military
Tribunal

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Page 1

Testimony of HJALMAR HORACE GREELEY SCHACHT, taken at Nuremberg, Germany, 17 October 1945, 1445 - 1630, by Lt. Col. Murray Gurfein, AUS, OUSCC. Also present: S/Sgt. Horace M. Levy, Court Reporter.

THE WITNESS TO COLONEL GURFEIN (IN ENGLISH):

I thought everything over, and I think my answers were complete. I have nothing to add.

QUESTIONS BY COLONEL GURFEIN TO THE WITNESS (IN ENGLISH):

Q. Yesterday?

A. Yesterday.

Q. Because I know that sometimes you like to add something.

A. Yes, but I thought it over, and I think it is all right.

Pages 19-31

Q. Now, tell me, did you make any speeches after 1938 at all?

A. I don't remember.

Q. Well, certainly, you couldn't have made any; if you made any, you would remember those which you made.

A. None, I don't remember; can't remember.

Q. Now, just a little while ago, you mentioned seeing Funk; how often did you see Funk after you left the Reichsbank Presidency?

A. I came at certain occasions to see my old friends in the Reichsbank, my assistant, Waldecker, for instance, and on that occasion, I may have seen Funk, too.

Q. Well, did you discuss with Funk the economic situation?

A. Oh yes, I discussed with Funk the economic situation.

Q. How often did you do that?

A. I think it was once.

Q. When was that? Could you place that date for us?

(SCHACHT)

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H3203 - 0079

A. No, I can't place any date, but I can tell you this: At a certain given moment, and I can't remember that, but there is some written statement about that, which can give the date, Herr von Weisacher, Secretary of State in the Foreign Ministry at that time, asked me over the telephone that, when I came to town, he would like to see me; that he had something to tell me on behalf of the Ministry; and some days later, when I went to Berlin, I went to see him, and then he stated to me, "I have to tell you something on behalf of my Minister, and that is that he would ask you not to make defeatistic remarks." At that time I stated, "To whom did I make defeatistic remarks, please?" and he said, "To Minister Funk"; and I said, "That is very funny. Minister Funk has asked me about my opinion on the economic situation of Germany, and he was far more defeatistic than I was, but I was also of the firm impression that Germany's economic potentialities were not big enough to stand that war; and I think it is my full right, not only, but my full duty, to tell the Minister, the Colleague of mine, even it was a former colleague, what I think, because he is the economic adviser of Hitler; and when he asks me, I must tell him the truth of what I think; and I think it is extravagant" -- and I used very sharp words, and I even said, "Idiotic of your Minister to blame me for that; because I would never deceive either Funk or Hitler about my views on these points"; and in order to fix that, I put it down in writing. I wrote a letter to Funk about this matter, in which I stated my views again, which were absolutely what you might call "Defeatistic". I said, that we would lose the war; and I sent a copy of that letter to Herr von Weisacher, and asked him to show that letter to this Minister; so my conversation with Funk must have been before I wrote that letter.

Q. Were you in a position to discuss the economic situation of Germany at that time? Did you have the data, the material, the figures?

A. Did I have what?

Q. The data, the figures that you needed?

A. I didn't need any figures for that, sir, because I knew the economic potentialities of Germany.

Q. Well now, did you have figures?

A. What figures? I mean, public figures?

H3203 - 0080

Q. Well, there were no public figures at that time, were there?

A. Well, figures from my experience as Minister of Economics, and President of the Reichsbank.

Q. No, I want to ask you, didn't you receive regularly from the Reichsbank during that time various types of figures?

A. From the Reichsbank?

Q. From Waldecker, particularly?

A. I have not got anything which wasn't public, I think. They never gave me any secret figures.

Q. Don't you recall that after you left the Reichsbank, Hitler gave special permission that although you were no longer President of the Reichsbank you could still obtain the figures?

A. Yes, but those figures --

Q. Do you remember that?

A. Maybe, I mean, not to me, but I remember that I got various statements from the Reichsbank from time to time, which were not public, that's right, but which contained all the figures which we published before, regularly. They were printed on a little sheet.

Q. And did you not, from time to time, go into the Reichsbank or have Waldecker come to you to discuss the implications of the figures and the line to be taken, and so forth?

A. Not especially, no.

Q. Well, you did see Waldecker from time to time, did you not?

A. From time to time, yes.

Q. And you were also receiving, were you not, as a Minister without Portfolio, certain documents which were distributed among the Ministers?

A. I did not receive any other documents from the Reichsbank but these printed sheets.

Q. No, I am going beyond the Reichsbank now, and I am asking you whether you did not, as Minister without Portfolio, receive certain Reich Documents, which were being distributed among prominent Ministers?

H3203 - 0081

A. I received from the Statistical Department of the Reich some excerpts, some clippings, from all kinds of papers, also internationally but they were all public, I mean, no secret data.

Q. Well, did you ever write any memoranda during this period to any governmental officials, respecting governmental matters?

A. I don't think so; I don't remember.

Q. Did you think about that?

A. Yes.

Q. You don't remember?

A. Don't remember.

Q. Let me ask you, by the way, when did you go to India, Doctor Schacht?

A. I left Berlin in the beginning of March, '39, and then I spent a few weeks in Switzerland, and in the end of March, I departed for India; and I came from India the end of June or beginning of July; spent some days in Italy, and again some weeks in Switzerland; and came back to Berlin, I think in the beginning of August.

Q. And what was the purpose of your trip to India? I don't think we put that in the record?

A. A tourist trip, tourist trip, nothing else.

Q. Were you on your way to China at that time?

A. Was I --

Q. Were you on your way to China?

A. I wanted to go -- I think I told this story the other day, I don't know, I don't remember to whom of you -- I wanted -- I had a talk with Ribbentrop before leaving, whom I had to inform, because he was Foreign Minister, and Ribbentrop asked me, "Did you intend to go around the world?" or something like that. I said, "No, I want to go to East Asia." Then he said, "That is impossible, you can't go there." I said, "Why not?" He said, "You know that Japan and China

H3203 - 0082

are in conflict with each other, and if you go there that would give the appearance as if we would interfere with those countries." And I said, "All right, then I will restrict my journey to Netherlands India." And he said, "No, that is too near to East Asia." And I said, "That is a pity. Well then, I will restrict my journey to British-India." And he said, "No, if you go to British-India, then everybody will think you go further." And then I said, "Well, Herr von Ribbentrop, then it might come to a little Karz Mountains travelling," and I went out of the room. Then I took up the matter again by writing, and it was agreed, or I was accorded a trip to British-India, on the condition that I did not go anywhere else, which I took, because at that time Burma was not yet taken out of India; it was still in; and I went to India and Burma.

Q. Now, you had earlier discussed, I take it, the trade relations with China.

A. The what?

Q. The trade relations with China, with a view towards self-sufficiency in the event of war.

A. No.

Q. Well, do you remember one of those cabinet meetings that we were talking about, at which Goering was in the chair, part of which I showed you?

A. Yes.

Q. Where Goering said, "Everything must be geared to the necessities in time of war;" Do you remember that?

A. I mean --

Q. It was only the other day.

A. Yes, I mean, I know quite well now, after you have shown the things to me, that such meetings had taken place.

Q. And they were meetings which considered the likely situation in the event of war, and what preparations should be made therefor; I think that was clear.

H3203-0083

A. Yes.

Q. And in connection with that, you had certain discussions involving an orientation towards China; do you remember that?

A. I think that was earlier.

Q. This was in 1936.

A. Yes, earlier than these meetings with Goering.

Q. Well, the meetings with Goering were also in '36, as I pointed out to you yesterday, in May '36, I believe.

A. You see, there was Minister Kung coming to Berlin, and at that time we had these talks. The Chinese Government negotiated at that time with the German Government about getting a loan for commodities exchanged for purchases in Germany, and I granted that loan, I think, of a hundred million marks, through the gold discount bank.

Q. Yes, in return for which you were to get foodstuffs which you needed.

A. Oh, no.

Q. But primarily foodstuffs, is that not so?

A. I don't know, but the figure was not fixed.

Q. In other words, you say you don't remember discussing the foreign policy implications of this trade business with China and Japan?

A. No.

Q. I am just asking you.

A. No.

Q. Now, going back for a moment to the things we started with today, the agreement you had with Hitler for giving him three billions of Reichsmarks in March of 1937, as we have already gone over, the expiration of the time when the three billions became due was in 1938.

A. '37 -- oh, the expiration, I see; the expiration was March '38.

Q. And you remained in the Reichsbank from March 1938 to January 1939?

A. Yes.

Q. Now, did you in any way support the financing of armaments during that period, the rest of your tenure as Reichsbank President?

A. Not one penny.

H3203 - 0084

Q. Well now, did you change the methods for financing rearmament from Mefo bills to the selling of short term notes?

A. No, that was not my object. That was the Finance Minister.

Q. Well, did you in the Reichsbank, utilize funds which were available -- let me put it this way -- as these Mefo bills became due, what did you do about them?

A. I asked the Minister of Finance whether he could repay them, because after five years he had to repay them, some in '38 or '39, I think, the first Mefo bills would have come to repayment and, of course, he said, "I can't."

Q. Then what did you do about it?

A. What could I do? I mean, I stopped.

Q. Let me see if I can refresh your recollection. Didn't you, in effect, re-finance some of those Mefo bills, by creating new paper, on which the Reichsbank put its signature and the Gold Discount Bank put its signature?

A. No, I did that long before. It was a regular routine.

Q. It may have been routine, but I am asking you, did you not use this to refund or liquidate some of the indebtedness of the Mefo bills that were then becoming due?

A. I couldn't -- what did you say?

COLONEL GURFEIN (TO REPORTER): Read back the question.

(The reporter read back the question).

A. I couldn't liquidate the Mefo bills.

Q. Not completely, but as bills began to come due -- I am now talking about this period of 1938.

A. No, I didn't.

Q. Did you not, in effect, sell short term paper with the obligation of the Reichsbank and of the Gold Discount Bank?

A. I did that before -- no, wait a minute. Those short term bills were short term bills of the Reich, what you call "Treasury Notes," or well -- and those I have only handled as agent for the Reich.

H3203 - 0085

Q. I am not talking about that. You had the Solawechsel, for example, that you say.

A. Yes, that was introduced there before.

Q. Well, did you use the Solawechsel -- I am using this now as one illustration -- for the purpose of paying off some of the accrued or accruing indebtedness of the Mefo Bank?

A. No, I did not.

Q. Are you sure of that?

A. Yes, I have never reduced or refunded any of the Mefo bills.

Q. I would like to have you think about that, because you have made a categorical statement several times, that from the time of the expiration of your three billions limit on Mefo bill financing, that you did not finance, directly or indirectly, a penny for the benefit of the armament program.

A. Not in addition to the twelve billions.

Q. I am not talking in addition to the twelve billions.

A. No, I didn't.

Q. Did you ever say anywhere that you would, after the conclusion of the Mefo bill financing, continue to further rearmament by the use of short term paper, as for example by Sola bills, and by the direct sale of notes?

A. No, I mean this sale of notes was done on behalf of the Government.

Q. I am talking about commercial notes now, not treasury notes.

A. No.

Q. Now, I want you to look at this paragraph on Page 580 -- It is too long to read in German -- and see if that refreshes your recollection. (handing to witness). For the record, I may say that that is the full speech that we discussed yesterday in excerpt form.

A. Yes, I know. I read that.

Q. You read it and you wrote it; is that right?

A. Yes, it is all right.

H3203 - 0086

Q. Now, would you mind explaining it to me, in the light of the conversation we just had a few minutes ago -- perhaps I'd better call your attention to one sentence (Reading the sentence to witness in German.)

A. I think I explained the whole method, the whole mechanism I used for financing the Mefo bills already in some interrogation before this one, and what I gave there in this speech is a historical survey about what I had done, because I felt at that time already that my office would come to an end. It must have been the speech shortly before I went out, and I remember somebody leaving the room, saying, "Now Schacht stated his alibi." I wanted to make clear what I had done, so it is a historical survey; and I used all the liquid cash money within the country, by concentrating them upon the Reichsbank, in order to finance the Mefo bills.

Q. Yes, but now look, we are now talking about the period from the 1st of April 1938, until January '39, when you left the bank, do you now say that this paragraph, the central paragraph on Page 580, does that apply to that period, the 1st of April '38, to the beginning of 1939?

A. Not for additional Mefo bills, just for the existing Mefo bills.

Q. Quite.

A. Yes.

Q. But I am asking you whether, during that period from the 1st of April 1938 to January 1939, you did not continue to finance armaments?

A. Sir, either these Mefo bills had to be refunded by the Reich, which they could not, because the Reich had no money to do it, and I couldn't procure any money for refunding, because that should have come from taxes or loans or anything else, so I had to continue to carry those Mefo bills, and that, of course, I continued.

Q. Well, did you also continue to raise new monies?

A. No -- for what?

Q. For armaments?

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A. No, I didn't.

Q. Did you make available any monies during that time through the sale of short term notes?

A. No.

Q. For purposes of armament?

A. What notes?

Q. Treasury notes, let's say.

A. When the Minister of Finance asked me to sell treasury notes, as a financial agent, fiscal agent, I had to do that, and that I did, whether it was for armament or --

Q. Let me understand. Do you say that the sale of Solawechsel, for example, and other short term commercial paper, was only for the purpose of refunding Mefo bills, and for no other purpose?

A. Yes, exactly, and quite correct, because the Mefowechsel -- accordingly I state that in that paragraph -- when the money market became narrow, then, of course, Mefowechsel came back to the Reichsbank, and I had to take them back, which I had always promised to do.

Q. The point is, we are not interested in financial magic. The fact is, you can't make two marks grow where there is one, so that when these Mefo bills became due in the normal course, the Reich would have had to pay it out of the budgetary revenue, or use some other financial measures; isn't that correct?

A. Yes, that is correct.

Q. And when you lightened the burden of the Reich Treasury from requiring them to pay it in that way, you, in effect, were financing them, were you not?

A. Yes, but only the existing ones.

Pages 34-40

Q. Then you accept it. Now, as to the extent of the armament which was made possible by this program of yours, which you had stated to Hitler in the memorandum of May 1935, were you able to say what

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the proportionate strength was of the German Armed Forces, as compared with the other armies of the world?

A. Not at all, I have never been.

Q. You have always said, and have said for sometime, that you knew nothing about the size of armaments.

A. Quite.

Q. You still maintain that position?

A. Yes.

Q. Now, did you say in that speech, that with the help of this credit policy, Germany has created an armament which is not less than that of any other state?

A. I hope so; that was it.

Q. No, did you say it?

A. If it is in my speech, then I have certainly said it.

Q. Now, not being a reckless man, you generally don't make a statement, and especially one that is a fact, that you don't know about; is that correct?

A. I am sorry, the other day I said something which was not true, in such, about this point, as I forgot it, as I told you. The pressure under which I was necessitated to lie to Hitler --

Q. But here you are not talking about praise of Hitler, or some general observation. Here you are talking about what is apparently a fact.

A. Yes.

Q. And I ask you now, whether it is not true that in November of 1938, when you made this speech, that you knew full well that the extent of the armament had advanced to such a point that, as you said, the armaments of Germany were not less than that of any other state?

A. Yes, that would show that at that time I had the conviction that the armaments had to be ended now.

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Q. We will come to that later. For the moment then, you realized that by November 1938, that through your financing of armaments, and through the other activities of the people concerned therewith, that you had raised the Armed Forces sufficiently large to cope with any other single state in the world.

A. Well, I wouldn't say that, that it is compared, for instance, to America, or so, but certainly to the neighboring states.

Q. That would include Russia, of course.

A. I have never thought of a conflict with Russia.

Q. I am not talking in terms of conflict now.

A. Yes, but --

Q. I am trying to get back to your mind how you felt about the size of armaments at the time in November 1938 --

A. I thought --

Q. When you had completed your task.

A. I felt at that time that the armaments which we had done, were sufficiently large to stand an attack from foreign countries, and that it should not be increased any more.

Q. Now, did you ever -- I meant to ask you that -- did you ever say publicly that armament should not be increased any further?

A. I think this phrase implicates that, includes it.

Q. Is that the only thing you can suggest?

A. Yes.

Q. Now, let me call your attention to the fact that in that sentence you also say, "And this -- referring to this armament which is not less than any other state -- "in turn has made possible the success of our politique."

A. Yes.

Q. Now, would you say that the implication from that was praise, rather than blame?

A. I simply state the fact.

Q. Well now, obviously, as a German, you apparently were satisfied with the success of the policy.

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A. With the results.

Q. With the results.

A. Yes.

Q. And the results going back in terms of time, were at that time the acquisition of Austria, and the acquisition of the Sudetenland.

A. Yes.

Q. And you were at that time satisfied with the results.

A. I wouldn't say that, that the Sudetenland solution had pleased me.

Q. Well now, you were talking here in November.

A. Yes, after the Sudetenland.

Q. In July 1938, after the Sudetenland, when the victory of Hitler in Munich was uppermost in people's minds.

A. Yes.

Q. So that obviously, any audience that would be listening to you would necessarily have to take it as the fair intention of the meaning of any phrase about the "success of our politique," the acquisition of the Sudetenland; that must be clear.

A. Well, I don't think that in such a speech, public speech, I could blame Hitler for the methods he had chosen.

Q. Well you needn't have mentioned anything about it, obviously.

A. Well, that may be.

Q. But the fact still remains, does it not, that you gave words of praise to the policy, which included the acquisition of the Sudetenland?

A. No, no; that I don't think is true.

Q. Well, I just want to get your position on that.

A. I was just speaking about the general situation of Germany in '38, in comparison, we'll say, to '32.

Q. But, Doctor Schacht, you were talking about armament.

A. Yes.

Q. You were not at that juncture talking about the economic situation of Germany.

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A. No, not the economic; I would say, the general political situation of Germany.

Q. And that "general political situation" also included then, the foreign policy situation.

A. Of course.

Q. And the foreign policy situation, in turn, included the successes that Hitler had achieved in the field of foreign policy?

A. Yes.

Q. And that, in turn, included the acquisition of the Sudetenland.

A. Yes.

Q. Now, were you going out of your way at that time to indicate a dislike for Hitler's internal policies, or were you still subscribing to his general outlook and approach?

A. Sir, that was at the time when I made my first plot against him.

Q. Well, let's leave the plot aside for a moment. I want to talk about the speech. Did you at that time still object to anybody's calling you a non-National Socialist, for example?

A. I don't quite --

COLONEL GURFEIN TO REPORTER: Well, strike that out.

A. Please explain, please, what you mean.

Q. Did you, at the time of this speech, as late as November 29, 1938, still take the position that you resented those who said that Doctor Schacht was not a true National Socialist?

A. I think that nobody ever took me for that. Now, let's make the discrimination between a National Socialist and a Hitlerite. Everything that was in the National Socialistic program, I think everybody could subscribe, at least, I didn't see any objection to the major points of the program, but I have always maintained that the Party was not acting within the frame of the program. There were a good many points in the program which the Party acted against, for instance, the Jewish question. They promised legal protection to the Jews which

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they didn't give. There was the church question. They attacked the church, and always they had promised protection to Christianity; and several other points, lawful acting, not bribing, and all these things about which we were not lying, and which were all in the program, in the National Socialist program, and which the Party always acted against.

Pages 62-71

Q. Well, I want to go a little further than that: Did you, from time to time, discuss with Wohltat, the scope of his duties in the general direction?

A. I must have, but I think it was very rare.

Q. All right, Now --

A. Because I have always considered this a mere routine matter.

Q. By the way, you went to London in the middle of December 1938, just before you resigned; was there any special purpose to that trip?

A. Yes, the purpose was the orderly settling of the Jewish question.

Q. That is what I was coming to.

A. Pardon me?

Q. That is what I was coming to.

A. Yes.

Q. You had a proposal, didn't you?

A. Yes.

Q. Would you state for the record what your proposal was, with respect to that?

A. I was greatly shocked by the attack on the Jews in the nights from the 9th to the 10th of November, I think it was 1939; and at that time I had seen Hitler in Munich. Perhaps that is what you alluded to before, because it was the inauguration of an architectural exhibition which he opened there. And at that time I said to him that this method of treating the Jews was something dreadful, and I thought that there might be ways and means to settle that problem in an orderly way; and he asked me what I had in mind, and then I explained to him that if he

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wanted the Jews to leave Germany, which I thought was the best solution at that stage of all these attacks, then it should be carried out in a sound, orderly, and human way; and I proposed to him to raise a foreign loan, chiefly among the international Jewry in order to finance the emigration of Jews from Germany, so that every Jew who would emigrate -- and I especially said, that as to the older people, they could stay in Germany and should be treated in an orderly way -- but those who wanted to go out should be furnished with a certain amount of foreign money, because it was a foreign loan, raised outside of Germany, so that they could settle somewhere outside of Germany; and that out of the German property of the Jews who remained inside of Germany, a fund should be set aside in order to refund that loan, because the Jews got the loan, and the Jews had to refund it; and I think the amount I mentioned was one billion and a half; and that Germany should grant the repayments and the interest on that loan, by allowing them to convert an equivalent amount of Marks into foreign exchange; and that the Germans should guanantee that, the German Government.

Q. Well now, first let me understand for a minute, who would first get this foreign exchange, this billion dollars, Germany?

A. No, an international Consortium of Jews should handle it, and they should appropriate to every emigrating Jew the respective amount, and I thought of something like 10,000 Marks, or something.

Q. I just want to get it clearly. That means that the Jew was to leave Germany without a cent or without a Mark.

A. Without Marks, because they couldn't use the Marks elsewhere.

Q. Yes.

A. They had to get foreign money, and Hitler agreed to that.

Q. Let me understand. That means that a man, who had let's say, one hundred thousand Marks, would, under your scheme, be required to go out without any Marks, in his pocket at all that belonged to him.

A. Certainly, he couldn't use the Marks outside unless depreciate --

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Q. And you wouldn't give him the devisen for the Marks?

A. Not for all of that.

Q. Or for any part of it.

A. Yes, for part of it, I would take this interest loan and repay the loan out of our devisen.

Q. In other words, Germany gets a substantial credit based on the security or the ownings of these people who were emigrating.

A. No, wait a minute. I said as security for that interest loan, the respective amount of Jewish property should be handled inside and administered inside of Germany by an international committee, also.

Q. But let me see if I can state this correctly. Here were people who had money that they had accumulated legitimately and legally, which they owned by all the rules of private property.

A. Yes.

Q. You refused to give them devisen, at the same time forcing them by the pressure of the events, to leave.

A. Well --

Q. You then cooked up the idea that you would extort, in effect, money from outside and keep the proceeds of the capital which had been acquired by these people through generations for the benefit of the Reich, ultimately servicing the loan out of that, over a long period of time; is that correct?

A. What does it mean "extort"?

Q. I don't know the word in German for it.

A. What does "extort" mean? Pardon me, sir, it was a proposal which I was going to lay before the international committee of Jews;

Q. I just want to get the details.

A. There was no force in that, it was just a proposal.

Q. In other words, the alternatives that were presented, was for the individual Jew to leave without a cent, or to get somebody, not the Germans, who had possession of his property, to give him the wherewithal to live, at the same time, enabling the Germans to keep

H3203 - 0095

the property which, in effect, they would be stealing from the people who owned it, under any concept of private property; isn't that correct?

A. Stealing? To leave it in Germany.

Q. Yes.

A. Sir, that was a matter which had been settled by Hitler, and in which I could not interfere, or with which I could not interfere at that moment. My object was to bring this into an ordinary shape.

Q. But you never proposed -- all I am trying to get is the limit of your proposal, Doctor Schacht -- you never proposed that devisen should be made available from the property that these people owned legally.

A. How could I?

Q. How could you not, as a matter of common decency?

A. I had no devisen, sir.

Q. You had no devisen?

A. Not for that amount.

Q. All right. So what happened? Hitler agreed that you should go to London?

A. Hitler agreed that I should go to London, and I took the matter up in London by first reporting to the Governor of the Bank of England --

Q. Sir Montague Norman.

A. Montague Norman, who got me in touch with Lord Birsted; and Lord Birsted was impressed, and I think inclined to such a scheme; and then I talked it over with, I think, Lord -- it begins with a "W" -- he was a member of the Cabinet at that time. The name will come back to me. I think I took up with Mr. Rublee of the United States, and my impression was that all of them were inclined to consider the proposal, with the exception that Birsted came to see me and told me that some of the Jews were not in favor of it; and he alluded to Doctor Weissman, or somebody, but I don't remember that exactly; but it seemed to me, and I had the feeling that some part of the Orthodox Jews were not in favor;

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but anyhow, they were ready to discuss that matter further, and sent Mr. Rublee over to Berlin to take the matter up with me for further consideration; and I came back from London, and I reported this matter to Hitler, the 22nd of January. That was the famous last conversation I had with him about the matter.

Q. And then nothing happened?

A. I was dismissed, and then -- shortly afterwards -- and nothing happened.

Q. In your discussions in London with Norman and others, did you tell anybody that you were about to leave the Reichsbank?

A. I was always decided already for months to get out, or say, not to assume any further responsibilities for further armings, and for money to armament; and I saw the moment come when my leaving the Reichsbank was near, and that is also one of the reasons why I said to my colleagues in the Directorium, "Wait for the suitable moment," because I didn't want to let it come to a break and to a conflict which would have certainly had consequences for myself. I wanted the thing to come from Hitler's side.

Q. That isn't what I asked you, Doctor Schacht; I asked you, did you tell anybody in London that you were going to leave the Reichsbank?

A. It may be that I have told Montague Norman, but I don't know.

Q. Your best recollection is that you don't know?

A. I don't know, maybe. I was very intimate with Montague Norman. He knew always almost all about me and my feelings, and I think I must have told him about it, but I don't remember.

Q. Let me ask you one other thing in that connection, then: I think you stated that by that time, certainly, December 1938, you were very worried about Hitler's intentions, with respect to war.

A. Yes.

Q. After the Fritsch incident, and so forth.

A. Yes, I was already suspecting him, as I say, not to do anything to avoid war.

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Q. And did you tell that to any of your English colleagues?

A. That I don't know.

Q. What?

A. That I don't know; I don't remember.

Q. Well, it was a pretty important thing.

A. Yes, but I don't remember.

Q. That is the best you can say. Let me ask you one more general question, and then maybe we can quit. We discussed yesterday, as you recall, the statement that you made to Major Tilly some time ago, in which you stated that very early you urged upon Hitler a colonial policy, in order to divert him from the East, which would, without doubt, have meant war.

A. Yes.

Q. Now, I want to ask you what efforts, besides a colonial policy suggestion, did you make during the years you were in his Cabinet, to divert him from the East.

A. I don't think any others.

Q. None other?

A. No.

Q. What indications did you have, during the period of your incumbency as a Cabinet member, that Hitler was being diverted from the East?

A. He sent me to Paris in the Summer of '36 for discussions about the colonial problem.

Q. I understand that. You have said that. Now, what else? Was there anything, anything you can point to, a conversation, a letter, a suggestion, anything you want to, which indicated?

A. I never had --

Q. Just a moment -- which indicated to you that Hitler was diverted from this goal to the East, which you knew about as early as 1932?

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A. No, not to the positive, only the fact that he never discussed any expansion to the East with me, and I have never heard him talking to somebody else about it.

Q. See if this correctly states the position: As early as 1931 and '32, you knew that Hitler's intentions were towards the East unless he was diverted.

A. From my -- no, his intention was, certainly, because it was stated in "Mein Kampf".

Q. Yes, and you knew also, as you yourself freely stated, that his intention was towards the East unless he could be diverted by your suggestion about the colonial policy.

A. That was my feeling, yes.

Q. So that, beginning with 1933, you aided in the restoration of the German Armed Forces a man whom you knew, as early as 1931 and '32, had his directions focused upon the East, unless he could be diverted; isn't that correct?

A. No, it is expressly stated in "Mein Kampf" that he would not extend -- not try to expand to the East unless Great Britain was on his side and helped him.

Q. Well now, did you foreclose that possibility completely?

A. What does "foreclose" mean?

Q. Exclude.

A. Yes, I was of the opinion that that would never happen, that Great Britain would help him to expand to the East.

Q. Well, was it possible that Great Britain might hinder him from expanding to the East?

A. That wasn't the question. The question was that he did not go to try to expand to the East unless Great Britain was helping him.

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Exhibit USA 616 (3729-PS)

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